(Translation)

January 30, 2019

West Japan Railway Company

FY 3/19 3Q Financial Results Briefing
Summary of Question and Answer Session

Q1

For the Sanyo Shinkansen and the Hokuriku Shinkansen, what were the results for the nine-month period ended December 31, 2018?

A1

The Sanyo Shinkansen was up ¥5.7 billion year on year, to ¥315.2 billion. The major factors were the fundamentals, which were up 1.5% or ¥4.5 billion, and special factors of ¥1.2 billion. The Hokuriku Shinkansen was up ¥0.8 billion year on year, to ¥33.0 billion. The major factors were the fundamentals, which were up 1.8% or ¥0.5 billion, and special factors of ¥0.3 billion.

Q2

On both the Shinkansen and conventional lines, growth in transportation revenues in the third quarter exceeded growth in the traffic volume. Has the Company analyzed the reasons for these circumstances?

A2

In regard to the Shinkansen, the average unit price was higher due to an increase in the number of Green Car users, etc. In the Kansai Urban Area, the usage of limited-express service increased due to a rebound from the previous fiscal year, when there was a typhoon-related suspension of limited-express service, and as a result the average unit price increased.

Q3

Looking at railway usage in January, were there any indications that the trend is changing?

A3

On both the Shinkansen and conventional lines, there were no major changes in the trends. For details, please wait for the announcement regarding usage in January.

Q4

In regard to operating income in the real estate lease and sale business, what factors will reduce income in the fourth quarter?

A4

We will record initial expenses, etc., associated with the opening of large-scale lease properties during the current fiscal year. In addition, in the sales business, advertising and promotion expenses will increase as we strive to capture the surge in demand prior to the increase in the consumption tax next year. These factors will lead to increases in expenses.

Q5

What is the outlook for the next fiscal year?

A5

We will formulate the plan for next fiscal year as we move forward from this point, so for detailed information please wait for the year-end results. At this point, however, our thoughts are as follows.

In regard to transportation revenues, we will need to continue to carefully observe macroeconomic trends, which are currently characterized by rapidly increasing uncertainty. However, we will work to fully leverage special positive factors in the next fiscal period, such as the 10 consecutive holidays during the Golden Week period, leap year, etc., and we will strive to steadily implement the measures outlined in the medium-term management plan. In this way, we will work to secure revenues.

On the other hand, we expect operating expenses to register a large increase. We will carefully consider the details as we move forward. In the first half of the medium-term management plan, we will concentrate on the implementation of safety-related measures and we will also follow a maintenance work schedule that has been adjusted for disasters that occurred during the current year. Accordingly, we expect maintenance costs to be at a very high level.

Looking at non-railway operations, in sales of goods and food services, factors that will add revenues include full-year contributions from stores and hotels opened in the current year. We also plan to open hotels in the next fiscal year, which will contribute to revenues, but, as in the current year, we expect to record expenses associated with those openings.

End